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MAR 18 1954

Chief, RE

Chief, Berlin Operations Base

Info: COM
CABRAIN

Operational/CART/CADORY/C. LEOIT/CARBONHYDRATE

CARBONHYDRATE Progress Report

REF: A. EGBA-10831
B. EGBA-10724
C. SBRLN-2297
D. EGBA-13676
E. EGBA-11637
F. EGBA-35504
G. SBRLN-2571
H. DIN-37918

SYNOPSIS: This report covers the period from the submission of the last progress report up to and including 1 March 1954, pointing out the results of the Surité investigation, as well as other matters directly affecting the activity and security of CARBONHYDRATE and CALHOIT.

1. After the receipt of intercepts which indicated that CARBONHYDRATE was in some fashion in contact with the Surité, as reported in reference "B" above, it was decided tentatively that EGB/CART would accept the explanations which CARBONHYDRATE proffered, but felt that whatever corroboration might be forthcoming from an LGFLUTTER would be desirable.

a. As the result of this decision, []
LGFLUTTERED CARBONHYDRATE on 14 January 1954, with results which were reported in references "C", "D", and "E" above.

b. Subsequently CARBONHYDRATE has been asked in a casual fashion whether or not he has heard anything further from CALINET or other members of the Surité, to which he has steadfastly replied in the negative. It is realized that his statements alone are no concrete evidence of the cessation of such contact, yet there has been no further overt indication that such a situation continues to exist.

Approved by: _____

9 March 1954

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c. After a careful evaluation of all factors involved, BOB/CART did not feel that the immediate removal of CARBONHYDRATE from CADROIT was required, nor that for the time being there were specific measures to be undertaken which could further clarify this unfortunate situation. It should be stressed that all ramifications of this situation were carefully considered, and undue weight was not given to the results of the LCPLOTTER examination.

d. In order to correct any false impression conveyed by reference "F" with respect to the undersigned's elaborative comments on CARBONHYDRATE's LCPLOTTER, it should be pointed out that CART neither accepted the LCPLOTTER results as "final clearance" nor did it interpret them to constitute "the examiner's approval of CARBONHYDRATE's continued use with CADROIT". Any comments which were forwarded simply had the purpose of pointing out the informal discussion and the specific comments brought out during it, which ensued at BOB shortly after the termination of this test.

2. Since the date of the LCPLOTTER, normal meetings with CARBONHYDRATE have continued, and on the surface all appears to be well. There was for a time some reluctance on his part to call CALGEND regularly, which he attributed to the somewhat brusque reception he received, but continued prodding by the case officer has overcome this obstacle, and of late he has been calling quite regularly to report whether or not leads or other interesting material have turned up.

3. One real contribution which CARBONHYDRATE has made to the improvement of CADROIT security was the clarification of the situation concerning CADROIT mailers. On 12 January 1954, he reported that some time before the central distributing office had been abolished because of compromise, and that as a result mailers were coming to the CADROIT establishment in order to pick up their materials. At the same time he stressed the losses which CADROIT had suffered among its mailers, and pointed out the desirability for arranging alternate methods. Partially as a result of this recommendation from CARBONHYDRATE, mailers no longer come to the CADROIT buildings but are met at pre-arranged locations by the CADROIT bus where their letters are given to them for delivery into East Berlin or the DMZ.

4. A brief crisis occurred subsequently when two alleged OGIS Kripo officers, SCHNEBEL and MANCKE, appeared at CADROIT in order to make inquiries concerning the Eft in Goerlitz, Schwerin and Werdberg. It subsequently developed that the two gentlemen in question were serving as liaison personnel with OSI, which made their indiscreet inquiries even more noteworthy. About the same time independent information arrived from ZIPFER that one of their people in this area bore a cover name similar to SCHNEBEL, and worked with OSI as a liaison officer from the Kripo. BOB/CART attempted to ascertain locally the identities of any and all such Kripo personnel, but were told that this information could be obtained only directly from OSI. While the inescapable suspicion loomed on the horizon that SCHNEBEL and the ZIPFER

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agent were one and the same person, the express directions of Pullach prevented direct inquiries with OSI, until such time as revelations in the East press pointed out that KONIGEL was in fact the true name of a ZIPPER agent in OSI. Permission was thereafter received to inform OSI of this undesirable situation, and as yet no further information has been forthcoming from that office concerning the ultimate disposition of the person in question.

5. On 21 January 1954 CARBONATE reported airtelly that a recent perplexed visitor to GABROIT had requested advice concerning a dubious person who was at that time courting the visitor's sister-in-law. The person in question passes himself off as a doctor in a local hospital, but was influenced by alcoholic beverages to the point of confiding to his suitor that he was in reality a resident of West Berlin who traveled through the UK and even into Poland "on secret missions". Instead of being impressed, his hosts were alarmed, and came straight to GABROIT asking for advice. The request was then relayed by CARBONATE to his case officer, and checks have been instituted to determine who the man actually is, while CARBONATE regularly reports that the family in question is becoming more frantic in its appeals, for the good doctor is at the stage of proposing matrimony, and as yet the most satisfactory advice CARBONATE has been able to dole out is that all concerned postpone the nuptials until after the completion of some rudimentary investigation of the claims put forward by the suitor.

6. A matter which GABROIT relayed to the appropriate FBPHINE authorities through official channels concerned a returnee from a camp in the USSR located near Potscherbeck (German spelling), where an American is reportedly held. The returnee unfortunately knew few details concerning the identity of the person concerned, the reason why he was being detained, and so forth, but the meager data have been relayed for whatever use the local FBPHINE officials desire to make of them.

7. Quite a flurry was occasioned by the case of one Fran CASPARI (cover name), employed as a secretary in the GABROIT establishment. Originally she came to the attention of her superiors as a direct result of her inappropriately showy clothing, dyed hair and flighty behavior, but there appeared no substantial grounds for taking further action against her other than the fact that some of the eastern Mitarbeiter were sorely disturbed when they cast their eyes upon this apparition. Subsequently, however, it came to light that on two occasions she had reported in to work considerably earlier than required, and that on other occasions she had departed from the GABROIT establishment with her briefcase, and then had met her gentleman friend for lunch. According to the mother of a different GABROIT employee, CASPARI had upon one occasion passed some material from her briefcase to that of her friend, but there was nothing further to substantiate the possible suspicion that she might be engaged in illicit

activities. In order to forestall an precipitate departure on her part to the East, CARMA was requested to establish a surveillance and determine what she was doing, who her gentleman friend was, and other pertinent bits of information. In spite of a specific request that this surveillance be conducted in a discreet fashion, however, the police saw fit to summon Frau CASPARI on the grounds that certain investigations had to be made prior to her planned emigration to South Africa. It happened that her friend accompanied her to the police Kevier, and was also interviewed. The police officer conducting the exchange confidentially informed Frau CASPARI that there was some suspicion that she was entertaining contacts with the East, which understandably upset her equanimity. She came back a short time later to CA-BONYERATE asking where such an accusation could have originated, and revealed a solution herself when she mentioned that one of the black-garbed industrial policemen had seen her on several occasions and may have been over-zealous in the pursuit of his duty. CARBONYERATE rapidly acquiesced, and let the matter drop, since it was still believed that her pending emigration to South Africa would become a reality. CARBONYERATE has lately reported, however, that her request for permission to emigrate has been refused, so it now appears she will be at CARBONYERATE until such time as suitable cause has been found for her discharge. In the meantime, traces have been initiated on her gentleman friend, in the slight hope that they might shed some additional light on this confused situation.

8. On 2 February 1954, CARBONYERATE reported for the first time that certain members of the Widerstandsgruppe Brandenburg had appeared at CARBONYERATE to complain about shabby treatment they were allegedly receiving. The matter was thereafter discussed with [] the responsible case officer, and instructions were given to CARBONYERATE that he should simply advise them that they should be a bit more discreet in their walls of discontent, lest they endanger not only themselves, but other members of the unit who were also still residing in the GDR or East Berlin. It was hoped that this sound advice would preclude further visits from these people, but they have been back on several occasions, and each time have shed bitter tears over the shoddy handling which has been meted out to them. Presently arrangements are being made to forestall further visits from these people to CARBONYERATE, and to arrange that some measure be taken to pacify these individuals. It is to be hoped that CARBONYERATE has seen the last of them, since their inopportune visits serve only to discommodate him and enlighten him concerning certain other operations conducted by NOB.

9. The meeting with CARBONYERATE on 2 February 1954 also produced the incipient flowering of a case which has occupied no small part of subsequent meetings, which has just now been brought to a close after considerable bickering over the methods to be employed.

a. On 29 January 1954 CARBONYERATE had actually mentioned the case of the two mailers, EICHMANN and RUTHENBERG, and had stated that RUTHENBERG learned through an SFG friend that the SFG in turn knew of

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the locations where CARBOIT material was picked up by the responsible mailers. As a result, RUTHEBERG went to one such location and discovered that RUCHMANN picked up material and journeyed into East Berlin. RUTHEBERG followed him, and caused his apprehension by a VoPo Wachmeister, who believed that RUTHEBERG was an SFS officer. Thereupon the group adjourned to a small cafe, from which RUTHEBERG summoned his SFS friend. In the meantime, RUCHMANN had been complaining bitterly that he worked for the SFS in Schwerin, and that he had a telephone number in Berlin which would secure his immediate release if they would permit him to use it. After RUTHEBERG had allegedly suffered an ample quantity of this wailing, the SFS friend appeared and "verified" the "accuracy" of RUCHMANN's claims. Thereafter RUCHMANN was released, and RUTHEBERG hurried back to CARBOIT to turn in a full report, and to request once again that he now be accepted for a position of more trust within the actual physical plant occupied by CARBOIT.

b. After considerable discussion, instructions were given to CARBOITHEAD to fire RUCHMANN summarily, and string RUTHEBERG along only for the time being. However, on 5 February 1951, CARBOITHEAD reported that bot. LARILL and RUTHEBERG objected to this method, and expressed a desire to conduct this case in a more positive and active manner. It was pointed out that the potential risks to CARBOIT were far greater than any benefits which might accrue by such action, and eventually the situation resolved itself. For the immediate future, however, CARBOITHEAD had only been able to stall RUCHMANN, and had at the same time informed RUTHEBERG that a detailed PKB would have to be prepared and then submitted to CARBOIT security personnel for verification.

c. On 9 February 1951, RUTHEBERG appeared with his completed PKB, and the information was then submitted for local checks to determine whether or not any additional information might be forthcoming. It was determined through Public Safety that RUTHEBERG had been most inaccurate in reporting his service with the Labor Unit, and that he had omitted salient details relating to his criminal record with the East Berlin police.

d. RUTHEBERG called in on several occasions to inquire about the progress of his background check, and was told that he would naturally be expected to submit the name of his SFS friend to CARBOIT if he expected to enjoy their full confidence. He hesitated, and then stated he would have to discuss the matter with this friend, and that the results would be conveyed to CARBOITHEAD.

e. On the 16th of February RUCHMANN appeared and was thoroughly interrogated by CARBOITHEAD, but without much success. RUCHMANN admitted in each specific case where CARBOITHEAD could trip him up, that he had lied, but beyond that he would not reveal any item of information whatsoever. As a result, he was sent away with the rather empty admonition that

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if he ever came back CARLIT would see that he received his just merits. Prior to his dismissal, there had been some talk of delivering the case to the West Berlin police, but CARLIT had quashed this proposal on the grounds of adverse publicity and the fact that the admission that there had been another spit in CARLIT would cause queasy stomachs among those Mitarbeiter who still recall the SCHANK affair. As a result, BUCHHART was dismissed and told to seek employment elsewhere, while the case of RUTHENBERG dragged on.

f. Curiously enough, BUCHHART appeared the day before BUCHHART and anxiously inquired whether the latter had been back to CARLIT. CARBONYHART reported that RUTH NIMM was positively relieved to receive a negative answer, and it almost appeared as if RUTH NIMM were carrying out a mission assigned by the SIA to ascertain whether or not BUCHHART was behaving as he had been ordered.

g. On 19 February 1954 RUTH NIMM appeared again to inquire concerning the progress of his SIA, and was told that while a large percentage of the background investigation had been carried out, it still remained obligatory for him to provide the name of the SIA friend if matters were to achieve a satisfactory conclusion.

h. On 23 February 1954 RUTH NIMM appeared once again and read from a piece of paper the name and description of his alleged SIA friend, whereupon CARBONYHART, in accord with the plan worked out previously, told RUTH NIMM that information from other sources indicated that this whole story was a fabrication, whereupon RUTH NIMM burst into tears. Thereafter CARBONYHART confronted him with the police record he had accumulated (including attempted suicide, abuse of official papers, swindle, etc.) and said that there did not appear to be any further grounds for collaboration. Upon the express direction of HERMAN, however, CARBONYHART held out the incentive for reinstatement to RUTH NIMM in the proposal that the latter bring his friend to West Berlin to meet CARLIT representatives. RUTH NIMM glanced at the slip of paper bearing the name of his "friend" and announced that it said that this SIA man could under no circumstances come to West Berlin, but that he would vouch for the safety of CARBONYHART if the latter would care to journey to East Berlin for a brief rendezvous. CARBONYHART declined with thanks, whereupon RUTH NIMM back-tracked somewhat and offered to bring the friend over to a spot near the sector boundary, provided CARBONYHART, and preferably HERMAN as well, should be there. CARBONYHART countered that he would meet these representatives of the SIA in some central location in West Berlin, but not near the sector boundary.

i. When word of this projected effort reached the ears of the case officers concerned, it was promptly and emphatically vetoed for obvious reasons, and CARBONYHART was told to tell RUTH NIMM that CARLIT

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had no further interest in the matter, should he call in with further enticing possibilities, and the "SIS officer" would be told to report his transgressions to the West Berlin police after which GADSDIT might look further into the case.

9. Given the vast amount of time and fruitless effort which have been devoted thus far to the matter, it is the hope of all concerned that the case will present no further complications, and will be finally and decisively terminated should either RITZBERG or the "SIS friend" report their presence to GADSDIT or GADSDITRANT.

10. Turning back for a moment to a matter which preoccupied GADSDITRANT and has still to be felt in all its possible ramifications, it was reported by him on 13 February 1954 that RITZBERG had hired two new persons to work for the International Congress of Jurists. These two men were not cleared first through GADSDITRANT, in spite of the fact that one works in the GADSDIT building, attends staff meetings, and has access to files and other materials, while the other occupies an important position connected with refugee processing. GADSDITRANT admitted at the meeting on 2 March that he had considerable reservation concerning JUNKER (cover name) and that he felt he could properly assume no responsibility for this man, since not even the most cursory of checks were made before his employment. Such a situation can of course occur, and Harrison is presently engaged in clarifying the matter with RITZBERG, in order to prevent a recurrence and at the same time to look more closely at the two men involved, in order to arrive at a more satisfactory estimate of their capabilities and suitability for GADSDIT employment.

11. As reported in WMA-2874 (1 March 1954) a certain Annalies RITZ reported to GADSDIT that she personnel had attempted to recruit her to deliver a letter to one Georg DANILEV (phonetic) who defected in about 1947, and now lives in the Munich area. She had maintained a liaison with him for some time prior to his defection and was briefly incarcerated following his departure. After her release, she was contacted only sporadically, until in January of this year the KGB requested that she take a letter to DANILEV allegedly from his parents, begging him to return home. She was also to convey the oral message that he would be immune to any form of punishment provided he undertook in the meantime to penetrate Moscow remnants and KGB field agencies. RITZ reportedly wants no part of the arrangement, and plans to accept the funds from the KGB, then flee to West Berlin with her son, where he shall be in a position to talk briefly with her. Thereafter she will be released to pass on to her relatives in Western Germany, and such information as she is able to supply will be duly reported for all interested parties.

12. Summarizing the activity for the period covered by this progress report, it might be stated that GADSDITRANT continues to perform his functions vis-a-vis his case officer in a satisfactory manner, although the undersigned feels that there is considerably more to be gained from

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him, once certain difficulties have been overcome. One of the principal tasks is to dissipate the lamentable tendency of his superiors to consider him a control mechanism installed in order to pry into their activities and report it back to his case officers, which is hardly accurate. At the same time it leads to ill feeling, and makes the position of CARDO-HYDRAK a most difficult one at all times, and nearly impossible when he finds himself the victim of a disagreement at higher echelons.

13. The cases summarized in this report also strengthen the impression that CARDOHYDRAK could be run in a manner which would be far more expeditious and beneficial to COMINT security, in order to eliminate the obvious inefficient handling which results from these conditions:

a. On frequent occasions the COMINT case officer is unable to be present for meetings, and in order to keep him fully informed a memorandum must be prepared and submitted before he can in turn take the requisite action with other members of the COMINT staff. Such a system obviously occasions lapses of time when they are most undesirable, yet is required in order to maintain a written record of the security problems which are constantly raised by CARDOHYDRAK.

b. CARDOHYDRAK very often feels strongly the precariousness of his own position, since he is in essence an intermediary who stands to suffer from both sides if his recommendations are not very carefully handled. Not only do other members of the COMINT staff resent his detailed investigation of security matters, but they have at times even gone to the point of countermanding direct instructions given to CARDOHYDRAK by his case officers.

c. The fact that basically two case officers are handling CARDOHYDRAK does not militate towards any real certainty in his mind concerning his own position, his own precise functions within the framework of the COMINT organization, and his relationship to the case officer concerned.

14. Weighing the evidence contained in the preceding paragraphs along with the recently formulated proposals for a definite concentration of COMINT effort to its primary function as an offensive weapon against opposition intelligence services, it is felt that the immediate transfer of CARDOHYDRAK to exclusive COMINT/CALCOMINT case officer control (as recommended in reference "B" above) has many points in its favor. Basically, such a transfer will improve the operating efficiency of CARDOHYDRAK and make him responsible to a case officer who is intimately familiar with all the security ramifications of the COMINT project. It will also eliminate the lapse between receipt of information by the COMINT case officer and the execution of necessary action by the COMINT/CALCOMINT case officer. Further, once the same case officer is directing all persons with COMINT who do have operational contacts with RUMAH personnel, it will enable a tighter rein

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to be kept on potential sources of compromise, and preclude misunderstandings which often arise from statements that are of necessity relayed from CARBO-MIDSTATE to the CARBOIT case officer by memorandum. And lastly, such a transfer will ultimately effect the change which CART believes essential to the future conduct of its mission: the relegation of the basic security responsibility for any project to the case officer concerned, and the reversion of the CART section primarily to its function in the realm of operational security as an advisory staff which may be called upon when specific points arise, but which should in no way attempt to involve itself in the daily conduct of operations originating from other sections.

15. In view of the foregoing circumstances and pursuant to HIR-12718, it is planned that the CART section will turn over CARBO-MIDSTATE to exclusive CARBOIT/CARBO T control within the immediate future.

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